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SHREVEPORT OPERA
Shreveport, Louisiana

Financial Statements
June 30, 2006

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Release Date 1/10/07

SHREVEPORT OPERA
Shreveport, Louisiana

Financial Statements
June 30, 2006

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

SHREVEPORT OPERA

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June 30, 2006

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shreveport Opera
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Shreveport Opera (a nonprofit organization) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Shreveport Opera's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shreveport Opera at June 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 28, 2006, on my consideration of Shreveport Opera's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Marsha O. Millican

Certified Public Accountant
December 28, 2006

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EXHIBIT A

SHREVEPORT OPERA
Statement of Financial PositionJune 30, 2006

ASSETS

CURRENT ASSETS

| | |
|---------------------------|------------|
| Cash and Cash Equivalents | \$ 86,988 |
| Accounts Receivable | 7,939 |
| Prepaid Expenses | <u>873</u> |

Total Current Assets 95,800

PROPERTY AND EQUIPMENT (Net) 17,787

OTHER ASSETS

| | |
|--|---------------|
| Assets Restricted for Endowment | 166,264 |
| Assets Restricted for Charitable Annuity | <u>28,079</u> |

Total Assets \$ 307,930

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------------------|---------------|
| Accounts Payable and Accrued Expenses | \$ 5,710 |
| Charity Annuity Payable | 3,063 |
| Line of Credit Payable | 12,233 |
| Deferred revenue | <u>86,333</u> |

Total Current Liabilities 107,339

OTHER LIABILITIES

Charitable Annuity Payable 2,789

Net Assets:

| | |
|------------------------|----------------|
| Unrestricted | 3,459 |
| Temporarily restricted | 28,079 |
| Permanently restricted | <u>166,264</u> |

Total net assets 197,802

Total liabilities and net assets \$ 307,930

The accompanying notes are an integral part of these statements.

SHREVEPORT OPERA

Statement of Activities

For the Year Ended June 30, 2006

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Support: | | | | |
| Contributions | \$ 148,196 | \$ - | \$ - | \$ 148,196 |
| Revenue: | | | | |
| Season Ticket Sales | 50,299 | - | - | 50,299 |
| Box Office Receipts | 70,558 | - | - | 70,558 |
| Program Ad Sales | 8,200 | - | - | 8,200 |
| SOX Revenue | 24,337 | - | - | 24,337 |
| Guild Revenue | 223,888 | - | - | 223,888 |
| Grants | 121,172 | - | - | 121,172 |
| Miscellaneous | 35,750 | - | - | 35,750 |
| Interest and Unrealized Gains | 962 | - | 3,644 | 4,606 |
| Total Revenue | <u>683,362</u> | <u>-</u> | <u>3,644</u> | <u>687,006</u> |
| Net Assets Released from Restrictions: | | | | |
| Satisfaction of usage restrictions | - | (-) | - | - |
| Total Public Support and Revenue | 683,362 | - | 3,644 | 687,006 |
| EXPENSES | | | | |
| Production Expenses | 345,381 | - | - | 345,381 |
| General and Administrative | 310,137 | 5,850 | - | 315,987 |
| Opera Guild Expenses | 109,331 | - | - | 109,331 |
| Unrealized Losses (Net) | - | 49 | - | 49 |
| Total Expenses | <u>764,849</u> | <u>5,899</u> | <u>-</u> | <u>770,748</u> |
| Change in Net Assets | (81,487) | (5,899) | 3,644 | (83,742) |
| Balance, beginning of year | <u>84,946</u> | <u>33,978</u> | <u>162,620</u> | <u>281,544</u> |
| Net assets, end of year | <u>\$ 3,459</u> | <u>\$ 28,079</u> | <u>\$ 166,264</u> | <u>\$ 197,802</u> |

The accompanying notes are an integral part of these statements.

EXHIBIT C

SHREVEPORT OPERA

Statement of Cash Flows

For the Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|---------------|
| Change in net assets | \$ (83,742) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 4,095 |
| Changes in operating assets and liabilities: | |
| Decrease in accounts receivable | 4,257 |
| Decrease in prepaid expenses | 2,372 |
| Increase in assets restricted for endowment | (3,645) |
| Decrease in assets restricted for charitable annuity | 5,899 |
| Decrease in accounts payable | (251) |
| Decrease in charity annuity payable | (3,867) |
| Increase in deferred revenue | <u>40,263</u> |
| Net cash provided by operating activities | (34,619) |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|----------------------|----------|
| Capital expenditures | (8,520) |
|----------------------|----------|

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|------------------------------|------------------|
| Borrowing on line of credit | 46,600 |
| Repayments on line of credit | <u>(34,367)</u> |

| | |
|---|---------------|
| Net cash provided by financing activities | <u>12,233</u> |
|---|---------------|

| | |
|----------------------|-----------|
| Net decrease in cash | (30,906) |
|----------------------|-----------|

| | |
|---|----------------|
| CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>117,894</u> |
|---|----------------|

| | |
|---|------------------|
| CASH, AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 86,988</u> |
|---|------------------|

The accompanying notes are an integral part of this statement.

SHREVEPORT OPERA

Notes to Financial Statements

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Shreveport Opera is a nonprofit organization exempt for Federal income tax purposes under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is managed by the officers of the corporation who are responsible to the Board of Directors as the bylaws require. The full-time employee who heads the staff, usually the General Director, reports to and is fully responsible and accountable to the President.

B. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

C. Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to ten years.

H. Contributions:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SHREVEPORT OPERA

Notes to Financial Statements

June 30, 2006

I. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Assets restricted for charitable annuity represent amounts restricted to fulfill the Opera's obligation under a charitable annuity agreement.

3. Assets restricted for endowment consists of the following at market value:

| | |
|---------------------------|-------------------|
| Cash and Cash Equivalents | \$ 57,381 |
| U.S. Treasury Bills | 23,051 |
| Equities | <u>85,832</u> |
| Total | <u>\$ 166,264</u> |

4. Deferred Revenue:

Deferred revenue consists of funds received which are designated for the following year. These funds will be recorded as revenue in the following fiscal year ending June 30, 2007.

5. Property and Equipment:

Property and Equipment consists of the following:

| | |
|-------------------------------|------------------|
| Furniture and Equipment | \$ 42,996 |
| Less Accumulated Depreciation | <u>(25,209)</u> |
| Property and Equipment - Net | <u>\$ 17,787</u> |

6. Line of Credit Payable:

Line of Credit Payable consists of net draws on an unsecured line of credit that bears interest at prime and is collateralized by endowment funds.

SHREVEPORT OPERA

Notes to Financial Statements

June 30, 2006

7. Donated Material and Services:

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services and the donated services do not create a nonfinancial asset. However, a number of volunteers have donated significant amounts of their time to the Opera.

8. Concentration of Credit Risk:

All cash deposits are fully insured by FDIC insurance.



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT OF COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Shreveport Opera
Shreveport, Louisiana

I have audited the financial statements of Shreveport Opera as of and for the year ended June 30, 2006, and have issued my report thereon dated December 28, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Shreveport Opera's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Shreveport Opera's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

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misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marsha D. Mullecan

Certified Public Accountant
December 28, 2006

SHREVEPORT OPERA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

There were no findings for the year ended June 30, 2006.

SHREVEPORT OPERA
Schedule of Prior Year Findings
For the Year Ended June 30, 2006

There were no findings for the year ended June 30, 2005.